

BOARD OF COMMUNITY HEALTH

September 8, 2005

The Board of Community Health held its regularly scheduled meeting in the Floyd Room, 20th Floor, West Tower, Twin Towers Building, 200 Piedmont Avenue, Atlanta, Georgia. Board members attending were Jeff Anderson, Chairman; Richard Holmes, Vice Chairman; Chris Stroud, M.D. (Secretary); Inman English, M.D.; Mary Covington; Ross Mason; Kim Gay, and Mark Oshnock. Commissioner Tim Burgess was also present. (A List of Attendees and Agenda are attached hereto and made official parts of these Minutes as Attachments # 1 and # 2).

Mr. Anderson called the meeting to order at 12:09 p.m. The Minutes of the August 25 meeting were UNANIMOUSLY APPROVED AND ADOPTED.

Mr. Anderson began his opening comments by giving the Board an overview of a breakfast meeting he attended today. He said the Governor hosted Newt Gingrich and the Center for Healthcare Transformation. Mr. Anderson said Mr. Gingrich, Dr. David Snatcher, Interim President of Morehouse School of Medicine and Dr. Julie Gerberding Director of the Centers for Disease Control, talked about outcomes for Georgians, particularly diabetes and obesity, disparities in access and outcomes in healthcare. He said parts of the Center for Healthcare Transformation's proposal for obesity and diabetes treatment will be incorporated into the state's Medicaid waiver proposal.

Mr. Anderson called on Commissioner Burgess to make his report. Commissioner Burgess welcomed Jim Lientz, the Governor's Chief Operating Officer, and thanked him for attending today's meeting.

Commissioner Burgess updated the board on the FY 04 Audit. The bond rating agencies have informed the State of Georgia that the State had retained its AAA rating from all three rating agencies. He said this is significant news to the State and DCH since the Department's audit was a significant component of the delay of the ratings.

Commissioner Burgess informed the Board that the Department mailed a letter to hospitals yesterday on the Upper Payment Limit (UPL) program. He said the Department had received many questions over the last year about UPL. This letter explains everything the Department knows and does not know about UPL going forward for FY 06 and tried to put it in the context of what DCH believes will happen fiscally. He said he thinks the important news is there are still a lot of unknowns to be worked out with CMS on how that will evolve in FY 06, the total earnings for the state in UPL will go down, but the good news for hospitals is, based on DCH assumptions, the hospitals' total earnings in the aggregate will be higher than last year. He said he hoped hospitals would take that into consideration and plan very conservatively and not overextend themselves through FY 06 and into FY 07. Mr. Burgess said Carrie Summers, Chief Financial Officer, would talk about the Disproportionate Share Hospital (DSH) public notice later in the meeting, but wanted to preface it by saying that the Department will be sending out letters today to Hospital CEOs asking them to agree to join a reconstituted Hospital Advisory Committee to help DCH redefine the rules for the ICTF program for FY 06. This will take place at the same time the Department is asking the Board to consider a public notice on the rules for DSH.

Commissioner Burgess said Hurricane Katrina caused a great deal of disruption and placed pressure on states to respond and deal with those issues. Every state agency will feel the impact as will DCH, and this is another reason that DCH recommends caution to the Board as it approves the budget because of the uncertainty of the impact and cost implications to Georgia and Medicaid going forward. He said many evacuees have applied and may be placed on the Medicaid rolls because the federal government has loosened the restrictions, criteria and processes by which one applies and becomes eligible for Medicaid. The impact to Georgia is an unplanned and unanticipated expenditure that is not reflected in any fiscal plan the Department has built to this point.

Chairman Anderson asked for an update on the Pharmacy Benefit Manager procurement. Commissioner Burgess reported that staff had been conducting site visits and the Department is on track to have that procurement done and announced in a month. Commissioner Burgess reported that the Department awarded the PPO bid to United HealthCare and has been contracted to be the PPO manager for the State Health Benefit Plan effective January 1, 2006.

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Mr. Anderson called on Carie Summers, CFO, to begin review and discussion of the proposed FY 2007 budget. Ms. Summers reviewed the Department's requests for additional state funds for Medicaid benefits, administration and program support and ICTF (\$627.7 million); offsets to state funding and savings initiatives (\$568.3 million) other adjustments to comply with FY 07 budget guidelines (\$308.1 million in federal and other funds); and other changes to be determined, more specifically; some combination of additional revenue and/or expenditure control to address the annual operating deficit for the State Health Benefit Plan (\$220.2 million); and the attached agencies reductions in state funding (\$815,628). Finally Ms. Summers summarized the \$10.2 billion FY 2007 budget in two ways—by Fund Source Request and by Program Budget Request. (A copy of FY 2007 DCH Budget Request 2% Reduction Highlights is attached hereto and made an official part of these Minutes as Attachment # 3).

Mr. Anderson asked Commissioner Burgess to address the SHBP shortfall. He said the Governor's Commission for a New Georgia formed a SHBP task force to assess options and policy recommendations for the SHBP and will make its report next month. Commissioner Burgess said when the Department receives the recommendations that may help the Department begin to formulate with the Governor and OPB some options on how the Governor chooses to close this gap.

Dr. Stroud MADE a MOTION to approve the FY 07 Medicaid Budget Proposal to forward to the Office of Planning and Budget. Ms. Gay SECONDED the MOTION. Mr. Anderson called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED.

Mr. Anderson called on Mr. Jim Lientz, the Governor's Chief Operating Officer, to give remarks about the Georgia Healthy Families implementation. Mr. Lientz said when Governor Perdue ran for office, a large part of his platform was a Healthy, Safe, Educated and Growing Georgia. When the Governor's Office hired Commissioner Burgess about two years ago, the conversation centered around the notion of a Healthier Georgia, and hopefully through this health care delivery system that the state provides would be patient friendly, more taxpayer friendly--in many ways that is financially and taxpayer responsible, and the decisions made with the State's health care delivery system would be based on those kinds of observations and emphasis. Mr. Lientz said DCH staff has worked very diligently to evaluate and look at a better potential for a different kind of Medicaid health care delivery that in his view has been a major accomplishment to get it to the point where it is today to become being implemented early next year. In his view and Governor Perdue's view, this will give better health outcomes for Georgians, and with the potential cost savings or lowering the cost curve is certainly meeting that criteria for responsible to the taxpayers in Georgia. Mr. Lientz said in the last eighteen months he has seen two significant events for the DCH--the implementation of Georgia Healthy Families and the new SHBP PPO Network. He said these two things will accomplish better outcomes for Georgians and will also be responsible to Georgia taxpayers. He also thanked the stakeholders for giving the State advice and for participating in the stakeholder meetings as the new Medicaid delivery system and other issues such as payment system issues, were discussed. He thanked the Chairman, Board, Commissioner and staff on what has been accomplished to date.

Mr. Anderson called on Kathy Driggers, Chief, Managed Care and Quality, and Barbara Prosser, Acting Chief Information Officer, to discuss implementation of Georgia Healthy Families (GHF). Ms. Driggers began by describing the Department's GHF implementation activities. She reviewed three topics: key implementation activities, the game plan for implementation management, and the game plan for readiness. Key implementation activities include a public awareness and outreach campaign; readiness review which covers the CMOs, ACS and Maximus, and the enrollment process – enrolling 650,000 prospective enrollees in the first phase. She reviewed the GHF Interface Requirements – an exchange of data between ACS, Maximus and the CMOs which may occur monthly, weekly and daily. Ms. Driggers said the Department's Core Implementation Team (CIT) is a component of the game plan for Implementation Management. The team is composed of the Commissioner, executive staff, other key staff designated by the Commissioner and the consultants used on this project. The CIT's role is to be the leadership and accountability for implementation, facilitate spread of information throughout DCH; and identify, allocate and prioritize the resources

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necessary to implement GHF. Ms. Driggers said the game plan for readiness includes review and approval of CMO and Enrollment Broker contract deliverables, and reviews for readiness of the information systems, operations and management reviews. Ms. Driggers concluded her review after addressing comments from the Board. (A copy of Georgia Healthy Families Program Implementation Briefing is attached hereto and made an official part of these Minutes as Attachment # 4).

Barbara Prosser began review of the ACS System and Operational Changes for GHF. She said ACS will act as the pivot point and will continue to be utilized for claims adjudication for non-managed care payments and will serve as repository for all payments—capitated or fee-for-service payments. She reviewed new and significantly changed activities, current versus CMO systems and operations support, new web portal functionality, CMO provider management, member management, encounter management, monitoring and reporting and CMO Web Portal Functions. After addressing questions from the Board, Ms. Prosser concluded her review. (A copy of Georgia Healthy Families ACS System and Operational Changes is attached hereto and made an official part of these Minutes as Attachment # 5).

Julie Kerlin, Media Relations Manager, reviewed the communications plan for GHF. Ms. Kerlin said the Department recognized the importance of educating everyone—members, providers, elected officials, media and community—on this program and what will be happening in the coming months. She unveiled the Georgia Healthy Families logo and slogan, *Choices for a Healthy Life*. Ms. Kerlin said the communication goals are to increase member awareness of GHF and the choices availed to them and to empower providers and communities to support members in making informed choices. The objectives are to build brand awareness and educate members and provide outreach to providers. The timeline is in September develop materials for members, begin outreach to provider associations, distribute call scripts and information to DFCS, RSM, PeachCare and ACS, and begin outreach to community groups and distribute medial materials in October. (A copy of Georgia Healthy Families Communications Plan is attached hereto and made an official part of these Minutes as Attachment # 6).

Mr. Anderson called on Carie Summers to review the Disproportionate Share Hospital (DSH) Payment Public Notice. Ms. Summers said there were several issues related to FY 05 DSH payments encountered during FY 05. The Department will appoint a new Hospital Advisory Committee. After completion of additional study and discussions with the Committee, the Department will present a public notice that will address criteria to determine hospital eligibility and the manner in which available funds will be allocated among eligible hospitals. Ms. Summers says this public notice basically suspends existing DSH rules on or after October 1, 2005, pending the outcome of the Hospital Advisory Committee's new DSH rules. Mr. Holmes MADE a MOTION to approve the Disproportionate Share Hospital Payments Public Notice to be published for public comment. Ms. Gay SECONDED the MOTION. Mr. Anderson called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Disproportionate Share Hospital Payments Public Notice is attached hereto and made an official part of the Minutes as Attachment # 7).

Ms. Summers began review of the Upper Payment Limit Payments Public Notice. She said the public notice is designed to start a new program that would make supplemental payments to faculty physician practices affiliated with public teaching hospitals. UPL would be determined based on market rates in the State of Georgia (and approval by CMS). This program would be completely funded with either intergovernmental transfers made by these public teaching hospitals or the governmental entities affiliated with them; state appropriations that are made available by the Georgia Board for Physician Workforce; or from state appropriations specifically designated as a source of matching funds for physician UPL payments. The Department's preliminary estimates assume annual expenditures will increase by \$22.4 million (\$9 million from IGTs or other state fund matching sources). Commissioner Burgess added that this is a proposal and concept that a number of hospitals brought to the Department about one and one-half year ago. At the time, because of the Department's issues with CMS and concerns about IGTs and UPL, DCH was cautious about moving forward until some of those issues had been resolved. Ms. Summers

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addressed questions from the Board. Ms. Covington MADE a MOTION to approve the Upper Payment Limit Payments Public Notice to be published for public comment. Mr. Mason SECONDED the MOTION. Mr. Anderson called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Upper Payment Limit Payments Public Notice is attached hereto and made an official part of the Minutes as Attachment # 8).

Mr. Anderson called on Neal Childers, General Counsel, to review four proposed rules for consideration. Mr. Childers reviewed Rule 111-2-2-.36. The purpose of this proposed new regulation is to ensure that all entities affected by Certificate of Need laws and regulations are aware that the establishment or expansion of a long term care hospital requires prior Certificate of Need review and approval as a new institutional health service. Mr. Childers said this proposed rule comes to the Board for consideration after consideration by and with the recommendation of the Health Strategies Council at its August quarterly meeting. Applications for this new institutional health service would be reviewed under the general considerations contained within the CON statute until the Health Strategies Council convenes a Technical Advisory Committee to bring back recommendations for whether more specific rules would be appropriate. Ms. Covington MADE a MOTION to approve Rule 111-2-2-.36 Specific Review Considerations for Long Term Care Hospitals to be published for public comment. Ms. Gay SECONDED the MOTION. Mr. Anderson called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Rule 111-2-2-2.36 Specific Review Considerations for Long Term Care Hospitals is attached hereto and made an official part of the Minutes as Attachment # 9).

Mr. Childers reviewed Rule 111-2-2-.43 Specific Review Considerations for Stereotactic Radiosurgical Services. Because this equipment exceeds the cost threshold in the statute, the Department is required to review requests by hospitals or other healthcare providers to offer this service. The Department is proposing, after adoption and recommendation from the Health Strategies Council, that pending any report from a Technical Advisory Committee that only the statutory considerations be applied. Mr. Holmes MADE a MOTION to approve Rule 111-2-2-.43 Specific Review Considerations for Stereotactic Radiosurgical Services be published for public comment. Ms. Covington SECONDED the MOTION. Mr. Anderson called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Rule 111-2-2-2.43 Specific Review Considerations for Stereotactic Radiosurgical Services is attached hereto and made an official part of the Minutes as Attachment # 10).

Mr. Childers reviewed Rules 111-4-1-.03 and 111-4-1-.06. These SHBP rules addressed all non-retiree subscribers who were required to enroll or re-enroll electronically but did not learn of or appreciate the significance of this requirement. This regulation authorized the Commissioner to grant one additional opportunity to these subscribers to select the proper Option and Coverage Tier. The Department received no comments at the public hearing and two written comments. The Department is asking the board to approve the rules as proposed. Ms. Gay MADE a MOTION to approve Rules 111-4-1-.03 and 111-4-1-.06. Ms. Covington SECONDED the MOTION. Mr. Anderson called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (Copies of Rule 111-4-1-.03 and 111-4-1-.06 are attached hereto and made official parts of the Minutes as Attachments # 11 and 12).

Mr. Childers reviewed Estate Recovery Rule 111-3-8-.07 Imposition of Liens. The changes proposed were required by CMS as part of the approval of the State Plan Amendment to initiate this program. No one came to the public hearing. DCH received a couple of public comments pertaining to Paragraph 9 (d). The commentors requested that the paragraph be retained; however, the reason the Department was proposing to strike this paragraph is because CMS required this deletion. Therefore, the Department is requesting that the Board approve the regulation as proposed. Mr. Childers addressed questions from the Board. Dr. Stroud MADE a MOTION to approve Estate Recovery Rule 111-3-8-.07. Ms. Covington SECONDED the MOTION. Mr. Anderson called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A

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copy of Rule 111-3-8-.07 is attached hereto and made an official part of the Minutes as Attachment # 13).

Under new business, the Chairman asked the Board to consider the Mental Retardation Waiver Program (MRWP) and Community Habilitation and Support Services (CHSS) Waiver Program Public Notice. Carie Summers said this will impact two waiver programs, the MRWP and CHSS Waiver Program. Both waivers are targeted to members with mental retardation or other developmental disabilities. The proposal is for dates of service beginning on and after September 8, 2005 to change rates based on the table attached to the public notice. This information is from the Department of Human Resources. She said it is her understanding that in its budget the DHR received \$19.4 million in additional state funds in FY 06 for such a rate increase and the reason for the rate increase relates to a DHR analysis of the rates, and the DHR is concerned that some of these services that providers are providing to members are undervalued compared to the costs that the provider incurs to provide those services. Ms. Summers added that since this is a rate increase, the Department of Community Health would not be able to make the additional payments to providers until CMS gives DCH approval for the waiver amendment, and at that point, DCH would go back to dates of service from September 8 and on and pay at the higher rate. Mr. Holmes MADE a MOTION to approve the Mental Retardation Waiver Program and Community Habilitation and Support Services Waiver Program Public Notice to be published for public comment. Dr. Stroud SECONDED the MOTION. Mr. Anderson called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Mental Retardation Waiver Program and Community Habilitation and Support Services Waiver Program Public Notice is attached hereto and made an official part of the Minutes as Attachment # 14).

There being no further business to be brought before the Board at the meeting Mr. Anderson adjourned the meeting at 1:50 p.m.

THESE MINUTES ARE HEREBY APPROVED AND ADOPTED THIS THE

_____ DAY OF _____, 2005.

MR. JEFF ANDERSON
Chairman

ATTEST TO:

CHRISTOPHER BYRON STROUD, M.D.
Secretary

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Official Attachments:

- #1 List of attendees
- #2 Agenda
- #3 FY 2007 DCH Budget Request 2% Reduction Highlights
- #4 Georgia Healthy Families Program Implementation Briefing
- #5 Georgia Healthy Families ACS System and Operational Changes
- #6 Georgia Healthy Families Communications Plan
- #7 Disproportionate Share Hospital Payments Public Notice
- #8 Upper Payment Limit Payments Public Notice
- #9 Rule 111-2-2-2.36
- #10 Rule 111-2-2-2.43
- #11 Rule 111-4-1-.03
- #12 Rule 111-4-1-.06
- #13 Rule 111-3-8-.07
- #14 Mental Retardation Waiver Program and Community Habilitation
and Support Services Waiver Program Public Notice